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Conditional Solidarity: A Comparative Analysis of Government Egalitarianism and Benefit Conditionalization in Boom and Bust

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ABSTRACT *Surveys show that welfare benefits are regarded as more legitimate if the beneficiaries are perceived as victims of systemic circumstances; that their legitimacy is sensitive to economic context; and that egalitarians are more supportive of benefits. Applying these insights to macro-comparative research, this paper shows that "conditional solidarity" – not partisanship – explains the puzzling countercyclical policy pattern of "conditionalization in good times" that characterizes changes in access to unemployment insurance in the OECD. The argument is that the effect of a government's egalitarian views depends on the business cycle because the legitimacy of benefits is inversely related to macroeconomic performance.*

Keywords: economic performance; comparative welfare research; conditional solidarity; egalitarianism; regression

1. Introduction

This article aims to explain the countercyclical empirical pattern of "conditionalization in good times" that is characteristic of how governments across the OECD (Organisation for Economic Co-operation and Development) have regulated access to unemployment insurance benefits since the 1970s. During economic downturns, governments have maintained access to benefits (32 governments) or even relaxed eligibility criteria (8 governments). They have hardly ever legislated for stricter conditionality (3 governments). Rather, they have opted for stricter conditionality when the economy expanded (19 governments did so, whereas 14 relaxed the criteria). Against the background of the deservingness literature, we argue that government egalitarianism rather than partisanship per se explains this policy pattern.

Countercyclical conditionalization is perhaps best exemplified by the consecutive governments under Prime Minister Anker Jørgensen of Denmark in the late 1970s and early 1980s. Access to hitherto effectively time-unlimited insurance benefits was

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drastically reduced for the first time in 1977–1978, when the economy was sound. This limitation was reversed at the height of the crisis in 1980; and when the economy recovered in 1982, the period of insured work necessary to qualify was drastically increased. This countercyclical pattern cannot easily be explained with the standard assumptions in the literature concerning the policy impact of left- versus right-wing governments and does not conform with our expectations concerning the effects of economic pressure. Cases of countercyclical conditionalization are relatively equally distributed over the left–right space. Examples span the ideological spectrum, including for instance the cabinets of Nyrup Rasmusen in Denmark (a Social Democrat) and Koizumi in Japan (a Conservative). So left-wing solidarity with the working class-cum-salariat is not unconditional; nor have right-wing parties been particularly inclined to use economic downturns as a smokescreen to increase conditionality, as we might expect based on the partisan hypothesis and the power resources approach (Hibbs 1977; Korpi 1983; Allan and Scruggs 2004; Amable et al. 2006; for empirical validations, see Korpi and Palme 2003; Stephens 2008). Above all, bleak economic circumstances (hereafter *busts*) appear to be an implausible causal trigger for stricter conditionalization of programme access if such legislation is more likely to occur during periods of rises in economic prosperity (hereafter *booms*).

The theoretical argument set forth and tested here to explain this puzzling pattern draws on insights from micro-level research on deservingness heuristics and can be summarized as one of "conditional solidarity". First, survey research and survey experiments on attitudes about inequality and welfare benefits have consistently shown that individual responsibility is the most important predictor in assessments of fairness and deservingness (van Oorschot 1998, 2000; Petersen 2012). A second and related finding is that solidarity – precisely because perceived control and perceived deservingness are inversely related – is sensitive to the economic context (Jæger 2013; Jeene et al. 2013). A favourable economic context can decrease the legitimacy of welfare benefits or redistributive measures. Third, the explicit inclusion of normative convictions such as economic egalitarian values helps to explain support for welfare benefits (Breznau 2010; Likki and Staerklé 2014).

In macro-comparative studies on the determinants of policy changes in general and partisan effects in particular, however, these insights from survey research have received scant attention and have hardly informed theorizing and testing. The few studies that hint at deservingness as a driver of welfare state developments at the macro level do so in order to understand why some programmes are more politicized than others (Zohlnhöfer et al. 2012; Jensen 2014). But they are not equally instructive with regard to over-time variations in support for the same programmes. The economic context in which welfare reforms are initiated and negotiated has thus far entered the analysis primarily as one among several functional pressure factors (Horn 2017), not as a context that conditions fairness and deservingness perceptions regarding benefits. Finally, egalitarian economic positions are only considered in broad comparative analyses in the sense that these preferences are "imputed" to left-wing parties (or rather, left-wing party labels). Neither egalitarian values per se nor their interplay with growth are part of the set of explanatory factors.

In an attempt to overcome this disconnect between micro- and macro-comparative welfare research, this article argues theoretically and demonstrates empirically that the degree to which governments emphasize equality, fairness and social justice explains why they tighten benefit access in good times and relax access in economically difficult times. Underlying this pattern are the fairness assessments of egalitarian cabinets. The conditionalization of unemployment insurance benefits is conceived of as unfair during economic busts, when the reasons for unemployment are perceived as systemic/beyond individual control, but seems justifiable during economic booms, when the reasons for unemployment are perceived as individual. No such countercyclical legislative pattern in boom and bust is thus expected for governments with a low emphasis on equality, fairness and social justice. Note that these expectations differ from the less specific interpretation that governments in general – and left-wing governments in particular – strategically adjust to growing/decreasing constituencies. It is thus one main ambition of this paper to discriminate between this rationalization based on “social demand” (as in Tavits and Potter 2014) – in its general and more specific (left-wing) partisanship version – and the conditional solidarity argument based on the interactive relationship of egalitarian government positions and the economic context.

The paper proceeds as follows. First, the argument is developed against the background of the patterns in benefit conditionalization and the relevant literature on deservingness perceptions and welfare support. The next section discusses cases, variables and method. Special emphasis is placed on the measure for egalitarianism. We draw on a recategorization of the newly published corpus data underlying the Comparative Manifesto Project (CMP) to show that the CMP provides us with a valid proxy for governments’ focus on equality, fairness and social justice. The causal analysis itself consists of consecutive interaction analyses on the basis of country fixed effects regressions. First, it is demonstrated that the effect of the share of left-wing parties in government is significantly different in periods of boom and bust, respectively. Left-wing and centrist governments exert a positive influence in relatively hard economic times (i.e. they lower conditionality during busts), but a negative effect in more prosperous times (i.e. they increase conditionality during booms). In a second step, we show that this relationship is (causally) spurious and that an interpretation centred upon the Left’s adjustment to societal demand is thus not fully convincing. Once the extent of government egalitarianism is considered, the effect of the partisanship variable drops to statistical and substantial insignificance. We then show that a pronounced emphasis on equality, fairness and social justice in party manifestos explains the countercyclical policy pattern, whereas no significant effect is found if these aspects are not emphasized, confirming the conditional solidarity argument. Third, we test two alternative theoretical explanations for our findings. We test whether Keynesian convictions are at the heart of the countercyclical pattern in insurance access; and we consider the politicization of egalitarianism by the opposition to show that our results are not driven by concerns about issue competition. Finally, the findings are summarized and their implications discussed.

2. The “Conditional Solidarity” Argument

Over the course of the last four decades, governments have been more likely to relax than tighten access to unemployment insurance benefits during periods of economic bust (19 per cent vs. 7 per cent). Conversely, they have been more likely to tighten than relax access conditions during periods of boom (11 per cent vs. 9 per cent). Here, the conditionality of access to benefits, which will be discussed in detail in the next section, is calculated as the ratio of the duration of benefit receipt to the necessary qualification period in paid employment. Both indicators often change concurrently. They are plotted over time (1971–2009) in Figure A.1 for countries in which these indicators have changed. The bivariate correlation between economic crisis and the conditionality ratio is 0.2 and significant, supporting the claim that there is a countercyclical tendency.

This countercyclical pattern, which includes governments across the entire ideological spectrum (for example Nyrup Rasmusen in Denmark, Koizumi in Japan), is inconsistent with the oft-confirmed hypothesis in welfare state research that economic crises exert downward pressure on social protection schemes. This would, *ceteris paribus*, imply that benefit conditionality should become stricter during busts and less strict during booms.

One explanation, which is as simple as it is cynical, is that governments' policies follow compositional changes in the electorate as a whole, as parties try to cater to growing groups while dissociating themselves from shrinking groups, irrespective of historical and ideological linkages. This expectation that partisanship is inconsequential may be called the "non-partisan adjustment" or "general societal demand" hypothesis. In the partisan or group representation version of this social demand argument, it is the shifts in the composition of their core constituencies that guide governments' policy choices. We would thus expect left-wing parties to be more inclined to act countercyclically than right-wing parties. Given their traditional affiliation with groups with weak(er) labour market positions, left-wing governments have much more to lose in case of maladjustment to shifts, whereas right-wing parties have little to gain from catering to people with weak labour market positions. This reasoning, based on economic group representation, may be called the "left adjustment" or "specific social demand" hypothesis (Tavits and Potter 2014). In stark contrast to "non-partisan adjustment" or "general social demand" hypothesis, its observable empirical implication is that countercyclical conditionalization depends on left-wing incumbency.

Economists may be inclined to add that it is short-sighted to emphasize the role of left-wing representation per se when Keynesian economic interpretations may be at the heart of the countercyclical changes in conditionalization. However, it must be said that such interpretations have become less salient since the stagflation crisis of 1973, especially in the ranks of governments (see Figure A.2). Very seldom have Keynesian interpretations taken up more than 1 per cent of a government's policy emphases. Although there are important exceptions, this result is in line with the verdicts of most political scientists: Keynesianism "met its nemesis in the 1970s, when the combination of slow growth, rising inflation and increasing deficits hamstrung countercyclical fiscal policy" (Fenna 2010, p. 361; see also Green Pedersen and van Kersbergen 2002, pp. 507, 508, 509; Crouch 2009, pp. 389–393; Lindvall 2009, p. 703; Iversen et al. 2016). However, the remaining variation in Keynesian convictions could be relevant for countercyclical conditionalization; which is why we control for and test their impact in the robustness section in the online appendix.

The mere possibility that Keynesian interpretations are the causal trigger for changes in conditionalization reminds us that the zealous rationalization of patterns as a strategic move to cater to certain social groups may overlook or underestimate the role of preferences and convictions that may only partially correlate with party labels. Taking this possibility seriously, it is necessary to consider those convictions explicitly, theoretically and empirically (rather than to impute unmeasured preferences into the left/right distinction). This paper argues that perceptions of fairness, deservingness and the societal legitimacy of welfare benefits need to be considered to explain the countercyclical pattern in the conditionalization of unemployment insurance benefits. It attempts to incorporate the key insights from survey research on deservingness into a large-*N* macro context. Three sets of related findings concerning the "psychological processes through which welfare opinions are formed" (Aarøe and Petersen 2014, p. 684) seem particularly instructive.

First, solidarity with others is conditional; it depends on whether the "cause of neediness is under people's own control" or "beyond the control of the individual" (van Oorschot 1998, pp. 55, 58, 2006; Petersen 2012; Jæger 2013; Aarøe and Petersen 2014; Likki and Staerklé 2014). While the concrete wording varies, surveys and survey experiments consistently lead to the same conclusion: support depends on whether individual passivity and laziness or misfortune and systemic factors are assumed to be the causes of recipient status. Control and responsibility are the main criteria with which we assess whether someone deserves our help. Second, we also know that solidarity – precisely because perceptions of control and perceptions of deservingness are inversely related – is highly context-sensitive. In particular, there are strong indications that support decreases if economic prosperity increases and that it increases during economic downturns (Jæger 2013). With regard to the concrete case of joblessness, the rationale is that "the extent to which the jobless are seen as responsible for their needy situation decreases" during busts and vice versa (Jeene et al. 2013, p. 747). A third building block for the argument we pursue here highlights the role of norms and values of equality. Obvious as it may sound, recent research has argued in favour of a more explicit inclusion of the normative context (Likki and Staerklé 2014) and has found that "those who espouse egalitarian values are more supportive" of welfare policies (Breznau 2010, p. 472), to the extent that egalitarian values might be more predictive than self-interest or institutions (Breznau 2010, p. 472).

These three arguments, which have had little impact on theorizing and testing in macro-comparative studies on the determinants of welfare state change, form the foundation of the conditional solidarity argument pursued here:

1. If support for benefits depends on the assessment that the cause of benefit receipt is systemic,

2. If the cause of benefit receipt is perceived as less systemic during a boom as compared to a bust,

3. If egalitarian values and norms are indeed a major driver behind support for welfare benefits,

then it can be hypothesized that the pattern of countercyclical conditionalization of unemployment benefits is a result of the interplay of the economic context, which can be relatively good or relatively bad (in short, boom or bust), and a government's more or less egalitarian position.

Applying the arguments from the deservingness literature to governments, the theoretical expectation is that the cabinets that emphasize egalitarian positions – broadly conceived of as norms of solidarity, equal treatment, social justice and fairness – will be more likely to adapt to changing economic contexts, as they are more concerned with what van Oorschot (2000, p. 34) has called the "societal legitimacy" of welfare benefits, which is lower in times of growing prosperity and higher in times of economic crisis. Conversely, governments with a lower emphasis on egalitarian positions should be less susceptible to changing their views on benefit conditionality in light of changing economic conditions. By implication, we expect that governments for which equality and fairness are not yardsticks for the assessment of deservingness should not exhibit the countercyclical pattern of conditionalization (in micro studies, the effects are also not universal, the "deservingness heuristic" is activated by "cues" and "frames" in surveys or

Table 1. Predicted change in conditionality of insurance benefits

Economic context	Government emphasis on equality, fairness and social justice: Low	High
Boom	No change	Stricter conditionality
Bust	No change	Looser conditionality

survey experiments). We control for rival and competing explanations, whose underlying observable implications we discuss above (social demand, Keynesian economic views) and in the section on robustness in the online appendix. We think there are few incentives to curtail benefit conditionality beyond the ones we discuss and test here. In hard economic times, the political fallout of tighter benefit conditionality is not matched by substantial budgetary relief, and there is little economic and fiscal problem pressure in the first place during economically relatively good times. To back this claim empirically, Figure A1 in the online appendix shows that stricter benefit conditionality does not affect the budget deficit (Panel 1b), whereas cuts in income replacement significantly and substantially alleviate budgetary pressure (Panel 1a).

The interactive causal relationship and the observable implications of conditional solidarity are summarized in Table 1. Following the recommendations of Brambor et al. (2006) for the formulation of clear interactive hypotheses, we hypothesize that, *ceteris paribus*, a higher degree of government egalitarianism is associated with an increase in conditionality (stricter access to benefits) during economic busts, but associated with a decrease in conditionality (less strict access to benefits) during economic booms.

3. Data and Model

We want to draw inferences regarding the determinants of benefit conditionalization in countries that were established democracies, highly industrialized and mature welfare states for the entire period of observation (1971–2009). Because of their late transition to democracy in the mid-1970s, we excluded Spain, Portugal and Greece from the analysis. This leaves us with 18 OECD countries. The dependent variable is net changes in the conditionality of unemployment benefits throughout the cabinet period (following Garritzmann and Seng 2016; Schmitt 2015; in the discussion of annual vs. cabinet data; and older yet convincing criticisms of the country–year convention).[1] Unemployment is the typical labour market risk and it has been shown that the support for jobless benefits is highly susceptible to the deservingness criterion "control" (or the perception of control).

Unemployment conditionality provides a good test case to investigate our conditional solidarity argument as it clearly complies with the argument's underlying assumption that we must be able to distinguish between contexts in which supported groups have more or less (perceived) agency. In that sense, the regulation of access to unemployment insurance in different macroeconomic contexts constitutes a *most likely case* for our conditional solidarity argument. The conditionalization of unemployment insurance is measured as the ratio of the duration of benefit receipt to the qualification period necessary to be eligible for the programme, both measured in weeks. If the ratio decreases over the cabinet period, this marks conditionalization. If it increases, benefit conditionality is relaxed.

$$\text{Conditionality ratio} = \frac{\text{number of weeks a person is entitled to unemployment insurance benefit}}{\text{number of weeks of paid employment necessary to be eligible for benefits}}$$

When the duration–qualification ratio varies for different groups, our decision rule is to model the average production worker as defined by the OECD (20 years' work history and 40 years old). The data are taken from *Social Security Programs Throughout the World* (SSPTW from the US Social Security Administration), the *Mutual Information System on Social Protection* (MISSOC, EU), the *Benefits and Wages* and *Taxing Wages* series (both from the OECD) and country-specific research.[2] Consulting these sources also helps us understand that both indicators must be used in tandem as they are often linked in social security legislation. Using them in isolation can be highly misleading (see Online Appendix 7). Ideally, we would like to make use of a quantitative database on laws that increase or decrease obligations. Venn (2012) has quantified qualitative indicators for a cross-section of 36 countries for 2011 and the late 1990s, but no data suitable for time-series cross-sectional analysis exist. Clasen and Clegg (2007) provide data on the direction and level of conditionality changes from 1980 to 2005, but only for the UK, Germany, Denmark and France.[3] In the absence of a longitudinal large-*N* database, our conditionality ratio provides a valid proxy. If anything, the countercyclical aspects of legislation are underestimated because temporary relaxations of access criteria for unemployment programmes by decree (but not by permanent law), such as the measures in France in the aftermath of the financial crisis of 2007, are not considered. On a related note, the United States, along with four other countries, does not exhibit changes in the conditionality ratio. This lack of variation is the reason why these five countries are excluded from Figure A.1.

The core independent variable is the emphasis that governments, or the parties they consist of, put on equality, fairness and social justice in election manifestos as measured by the CMP, which quantifies party manifestos based on the classification of quasi-sentences in 56 categories (Budge et al. 2001; Klingemann et al. 2006). While it is correct that equality, fairness and social justice are semantically related yet different concepts, and thus should not be subsumed under the term *egalitarianism*, the coding instructions from the CMP (see below) make it clear that any more specific labels would be pseudo-exact. Two potential reasons not to use manifesto items to model the effect of party preferences on outputs and outcomes are of minimal concern in our specific case. For one thing, as the line plots for each country over the course of the last four decades (Figure A.2) illustrate, positive references to egalitarianism can frequently be found in party manifestos. On average, governments have devoted 4.5 per cent of their manifestos to equality (compared to 0.4 per cent for Keynesianism). Moreover, we are able to address concerns regarding the validity of the equality item by looking at the newly available CMP corpus data (which the Manifesto team kindly provided before publication for selected German elections, see Merz et al. 2016). What the coders – mostly advanced students in the German case – actually coded when they considered a quasi-sentence belonging to the category for equality matches the coder instructions quite well ("Equality: Positive: Concept of social justice and the need for fair treatment of all people. This may include: Special protection for underprivileged social groups; removal of class barriers; need for fair distribution of resources; the end of discrimination [e.g. racial or sexual discrimination]"). We recoded all equality statements in the manifestos for the last German election 2013. We distinguished between the categories "miscoded (unclear link to egalitarianism)", "particularistic ideas of equality", "equal treatment/chances, inclusion" and "equality/fairness/social justice". Examples of the particularistic/party-specific ideas of equality include calls for stronger support for the post-socialist eastern part of the country by Die Linke or calls for climate justice by Die Grünen. The ratio of the two areas at the heart of the coding instructions – "equality, fairness and social justice" and "equal treatment, chances and inclusion" – and the "miscoded" and the "particularistic" mentions is a conservative indicator of whether we can use the item as a measure for egalitarianism. As Figure A.3 illustrates, the former by far outweigh the latter (i.e. miscodings and party-specific statements); whether at the party level or on aggregate. A similar pattern can be found for less recent elections (Horn et al. 2017). We are thus convinced of the content validity of the item.

The mediating role of the economic context is operationalized based on the growth-to-GDP ratio. More precisely, we speak of bust if real growth is below 1 per cent and boom if it exceeds 1 per cent. Because any such cut-off is arbitrary to a certain degree, we want to emphasize that the results hold as long as we distinguish between a relatively good and relatively bad economic climate. In Figure A2 in the online appendix, we visualize the core results for a higher cut-off point closer to the median value of economic growth (2 per cent) as well as a more technical cut-off point one standard deviation below the median growth (0.6 per cent). This is crucial as the main point of the conditional solidarity argument is that it makes a fundamental difference whether the economic climate is (relatively) good or bad; not that the difference between 3 and 5 per cent GDP growth has the same effect as the difference between 0 and 2 per cent or −2 and 0 per cent growth. The empirical, economic and political reasons for choosing 1 per cent over stagnation as a threshold are further discussed in online appendix 2. In sum, economists widely agree that near-0 per cent growth constitutes a bust in what they have dubbed the era of "great moderation" (characterized by lower GDP volatility) and that near-0 per cent growth is not sustainable (e.g. because of debt service); 0 or below-0 per cent growth is a rare empirical phenomenon in the most developed countries and economists regard the 1 per cent criterion (or higher) as more plausible than a 0 per cent threshold (Fratscher 2015).

The control variables used in the regression analysis, their content, the source and their mean and standard deviation, are listed in Table 2: the absolute number of institutional constraints, the extent of tripartite bargaining in the system of interest intermediation (corporatism), integration in international trade (globalization), the unemployment ratio and the budget surplus/deficit (all taken from Comparative Political Data Set (CPDS), Armingeon et al. 2012). The duration of each cabinet in years is also considered, as the chances for net changes in benefit conditionality may increase with the number of years in office.

Table 2. Variable overview

Variable	Description (source: A= Armingeon et al. 2012)	Mean	SD
Benefit conditionality	(Change in) duration weeks / qualification weeks	0.12	3.75
Cabinet egalitarianism	Share of manifesto devoted to equality (CMP)	4.54	4.14
Cabinet left share	Cabinet share of left parties (ministers) (A)	33.77	38.40
Cabinet Keynesianism	Share of manifesto devoted to demand side (CMP)	0.41	0.98
Cabinet period	Years in office of each cabinet (A)	2.99	1.20
Budget surplus	Deficit excluding net interest payments/GDP (A)	0.14	3.54
Globalization	Import + export/share of GDP (A)	65.08	30.71
Unemployment	Unemployed as percent of civilian labour force (A)	6.16	3.34
Corporatism	Integrated economy index from Siaroff (A)	3.39	1.05
Institutions/constraints	Institutional constraint variable from Schmidt (A)	2.40	1.44
Crisis dummy	Cut-off real GDP growth ratio < 1 % (A)	0.19	0.40

The analysis proceeds in three steps. First, the (left-wing) adjustment hypothesis is tested through an interaction term that consists of a crisis dummy and the percentage share of left-wing parties in cabinets (basic model: 1, full model: 2). Second, a multiplicative term that consists of the crisis dummy and the extent of governmental egalitarianism is added to test the conditional solidarity argument and to determine whether the potential partisan effects in step one are driven by governments' focus on equality, fairness and social justice or by partisanship per se (Model 3). Then the interaction term consisting of the crisis dummy and the left-wing party share in government is dropped (Models 4–5). Third, Keynesian government positions (Models 6–8) and the opposition's emphasis on egalitarianism (Models 9–11) are tested for main effects and interaction effects with economic crises to check whether the results remain robust vis-à-vis alternative explanations (this discussion of Models 6–11 has been moved to the online appendix).

We address the common problems in the analysis of time-series cross-sectional data – unit heterogeneity, autoregressiveness and heteroscedasticity – as they would violate the assumptions underlying general OLS (Ordinary Least Squares). Thus, we use Prais–Winsten regressions with panel-corrected standard errors (PCSE) to account for autoregression and heteroscedasticity. We include country dummies (fixed effects) to account for unit heterogeneity (Beck and Katz 1995) and to exclude the possibility that unobserved stable country-specific circumstances drive the regression results. This approach is preferable to fixed effects with vector decomposition (suggested by Plümper and Troeger 2007, 2011) in cases where sluggish or constant independent variables are not central, as is the case here. Finally, the only condition we impose for this regression analysis is that a country has already witnessed a change towards stricter benefit conditionality. The changes for each cabinet are positive, negative or zero. For instance, as can be seen in Figure A.1, the Danish conditionality ratio has not changed substantially for governments during the 2000s. Still, these cabinets enter our analysis (with a 0 score).[4]

4. Results

Models 1 and 2 in Table 3 show that the interaction term of the left-wing party share and the economic context is significantly positive, both in the baseline model (1) and when the full set of controls is included (2). Model 2 is visualized in Figure 1. The effects for boom and

Table 3. Determinants of conditionalization

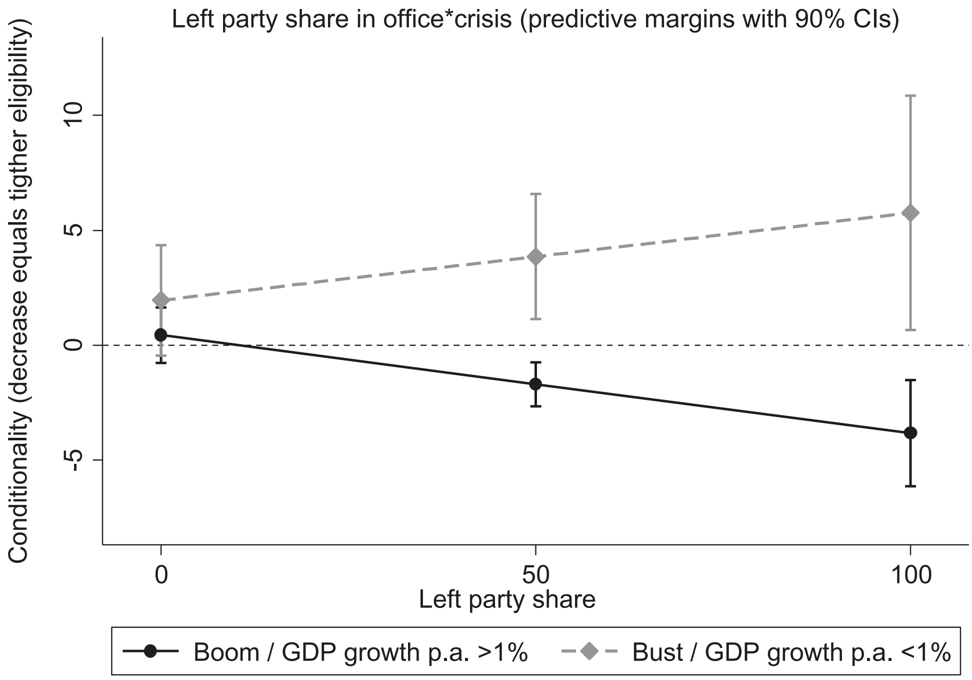
	(1)	(2)	(3)	(4)	(5)
Left-wing share	−0.0438**	−0.0426**	−0.0243		
	(0.0196)	(0.0191)	(0.0232)		
Crisis	1.221	1.515	−0.887	−0.573	−21.80***
	(1.717)	(1.637)	(2.089)	(2.130)	(7.831)
Crisis # left-wing share	0.0858*	0.0807*	0.00566		
	(0.0444)	(0.0413)	(0.0396)		
Cabinet period	0.915**	0.724**	0.800**	0.718**	0.421
	(0.366)	(0.366)	(0.354)	(0.363)	(1.249)
Budget surplus		0.0959	0.148	0.159	0.215
		(0.200)	(0.189)	(0.193)	(0.768)
Globalization		0.0317	0.0492	0.0446	0.0307
		(0.0574)	(0.0530)	(0.0526)	(0.252)
Unemployment		−0.130	−0.0651	−0.0673	−0.0499
		(0.340)	(0.325)	(0.333)	(1.242)
Institutional constraints		−2.516**	−3.301**	−3.161**	−5.153
		(1.172)	(1.369)	(1.337)	(4.669)
Corporatism		−5.620	−5.544*	−4.686	5.021
		(3.510)	(3.296)	(3.274)	(12.50)
Egalitarianism			−0.274	−0.458**	−1.676**
			(0.230)	(0.188)	(0.713)
Crisis # egalitarianism			1.388**	1.292**	5.024***
			(0.691)	(0.591)	(1.483)
N/governments	65	65	65	65	20
R^2	0.359662	0.392955	0.448194	0.423362	0.769673
rho	−0.377127	−0.199406	−0.190303	−0.155315	−0.503412

Prais–Winsten regressions, PCSE in parentheses. * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.
All regressions include a full set of country dummies (not shown). Software: Stata 13.

bust are virtually identical and substantially zero for cabinets without left-wing parties. For bipartisan or centrist governments with a share of 50 per cent, a countercyclical effect exists. This effect becomes statistically and substantially more pronounced the higher the left-wing party share. Modestly leftish or left-dominated governments thus increase conditionality during booms and relax conditionality in busts, which is in line with the hypothesis that the Left adjusts to changes in its constituency. By contrast, the centrist or right-wing cabinet shares do not interact with the crisis variable (Online Appendix 12, Models 2b and 2c). This means that cabinets do not follow (pro- or counter-) cyclical conditionalization strategies because they are centrist or right-wing governments.

However, the – in any case only moderately significant – interaction effect of economic crisis and left partisanship on conditionality is problematic. As the comparison of Models 2 and 3 in Table 3 makes clear, this relationship is spurious or, to use a more cautious term, indirect, in the sense that it depends on a government's focus on social justice, equality and fairness. Once the emphasis on social justice, equality and fairness expressed in party manifestos is taken into consideration through a second interaction term with the economic context, this new term is not only highly significant; it also renders the share of left-wing parties in government statistically irrelevant. Ergo, left-wing partisanship per se is not the causal trigger. The visual equivalent of Model 3 (not shown) are two entirely parallel slopes

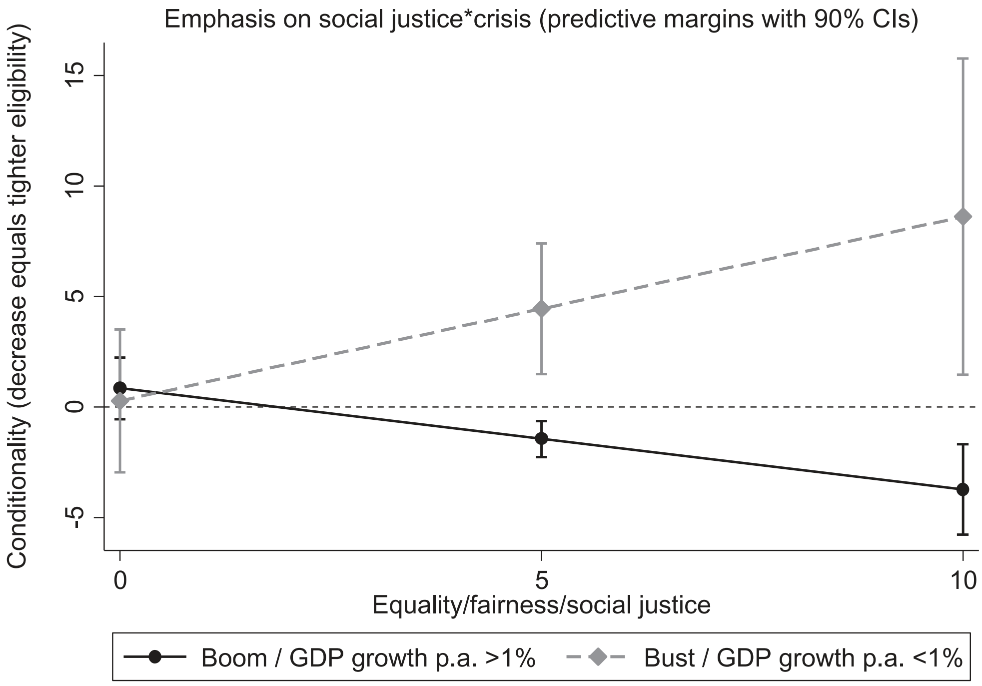
Figure 1. Based on Model 2



for boom and bust periods, whose confidence intervals at the upper end of the left-wing party-share continuum – in stark contrast to Figure 1 – overlap not only with the zero line, but also with each other. These results confirm that it is necessary to examine the impact of governments' egalitarian positions on conditionalization.

When we disregard left-wing partisanship (Model 4), the interaction of governments' egalitarianism and the economic context remains stable in terms of significance and substance. Based on Model 4, Figure 2 visualizes how susceptible cabinets with low, mean and high egalitarianism were to the economic context with regard to legislated changes in the conditionality of unemployment insurance benefits. To make sure that substantially meaningful values guide our interpretation of the predicted changes, the markers on the *x*-axis represent the rounded P10/10th percentile (0), the mean (5) and the P90/90th percentile (10). At low levels of government egalitarianism, the effect on benefit conditionality is zero for the boom (black circle) and bust (grey diamond) scenarios, as the confidence intervals overlap with the zero line and with each other. We can infer that cabinets with low emphases on equality, fairness and social justice do not exert any effect on the conditionalization of benefits, independent of the economic context. By contrast, as shown by the diverging slopes for the bust (dashed grey line) and boom (solid black line) scenarios, cabinets with pronounced egalitarianism exert a positive effect during busts and a negative effect during booms. As the visual inspection confirms, the effects in both boom and bust periods exceed one standard deviation (SD = 3.75) and are already statistically distinct from 0 from average levels of cabinet egalitarianism onwards (5). Ergo, in line with the conditional solidarity argument, cabinets that emphasize equality, fairness and social justice relax benefit conditionality during busts and legislate for stricter conditionality during booms. For non-egalitarian cabinets, no such countercyclical policy effect exists.

Figure 2. Based on Model 4



This result is based on the inclusion of all governments irrespective of their party label on the sole condition that conditionalization has previously occurred at any point in time in the country. This result reiterates that it is not partisanship per se but governments' (sometimes falsely) imputed policy positions that determine social policy behaviour in booms and busts. For cabinets since 1971 the association between left-wing partisanship and emphasis on egalitarianism and fairness is 0.39 (−0.12 for centrist parties, −0.29 for right-wing parties). As can be expected based on Figure 1 and this substantial yet often misleading association of left-wing partisanship and egalitarianism, the pattern visualized in Figure 2 (based on Model 4) becomes even more pronounced when the analysis includes *only* cabinets dominated by nominally left-wing parties (see Model 5). If we were to run the same model for centrist-dominated governments *only* (Online Appendix 12), the interaction (crisis # egalitarianism) remains significant, indicating that centrist cabinets too are countercyclical when they score high on egalitarianism; and more procyclical when egalitarianism is low. So while centrist governments per se do not react to a crisis in a certain way (Model 2b), they behave countercyclically if they are more egalitarian (Model 5b). Compared to the egalitarianism scores of left-wing and centrist parties (which average 6.0 and 2.7, respectively), right-wing governments exhibit low scores (1.8). The supplementary online material shows that our result does not depend on Keynesianism, opposition politicization, individual countries, specific control variables, and ceiling or floor effects.

5. Conclusion: Janus-Faced Egalitarianism?

This paper is not an attack on the many insightful studies on how partisanship and economic pressures shape welfare state developments. Rather, it complements our existing theoretical toolbox for scenarios for which we have no, or insufficient, explanations. It is well established that partisanship and economic pressure often help to explain replacement rate changes. Yet this is not the case for conditionalization, and the puzzling pattern of conditionalization in good times that – together with the disregard for the deservingness literature in the macro-comparative welfare research – motivated the development of the conditional solidarity argument. This means that we acknowledge both the limits of the standard explanations and our argument. However, we expect that our argument will apply to a range of significant related policy outputs – most importantly workfare reforms. Based on the literature on fairness and deservingness, a "conditional solidarity" argument was developed according to which governments that emphasize equity, fairness and social justice follow a countercyclical logic. If control and responsibility are key heuristics for the assessment of benefits as fair or deserved, if these assessments are sensitive to the economic context, and if a focus on equality and fairness corresponds with support for welfare benefits, this should find its expression in the decisions of governments concerning benefit conditionality. The time-series cross-sectional evidence has confirmed this conditional solidarity argument: strong emphasis on equality, fairness and social justice is indeed incompatible with stricter conditionality under adverse economic conditions. But in times of economic boom, it becomes more plausible to assume that people are out of work because of individual passivity rather than circumstances beyond their control, such as lack of aggregate demand, lending more legitimacy to the conditionalization of unemployment benefits. Importantly, the effect of left-wing partisanship vanishes once the degree of cabinet egalitarianism is included in the model. This suggests that it is not left-wing partisanship and economic group representation per se that matters with regard to conditionalization, but the egalitarian positions of parties. Governments' Keynesian economic convictions and the politicization of equality, fairness and social justice by the opposition have been considered as alternative and complementary explanations for the countercyclical pattern in conditionalization (see robustness section at the start of the online appendix). But they neither improve the explanatory power of our overall model nor alter the substantial finding that the governments most concerned with equality, fairness and social justice increase benefit conditionality during booms and relax benefit conditionality during busts.

On a theoretical level, the implications of these results are twofold. For one thing, the cues that students of the "politics matter" question obtain from research on deservingness and welfare attitudes prove highly instructive. Solidarity, even among egalitarians, is not unconditional. Rather, it is Janus-faced. Its effect depends on blame allocation on the continuum between individual responsibility and systemic problems, although we cannot be entirely sure whether the trigger is the fairness assessments of egalitarian parties per se or the higher susceptibility of egalitarian parties to what van Oorschot (2000, p. 34) has called "societal legitimacy". Finally, a more meta-theoretical implication is that allegedly strategic and interest-driven policy differences between left- and right-wing cabinets might be explained more substantially by explicitly considering the specific preferences and worldviews that we often (falsely) impute when making use of the left–centre–right trichotomy.

Notes

1. This cabinet approach has the advantage of reflecting the policy balance of each cabinet. It also means that the estimation strategy is more conservative than for annualized data, as no extrapolation of ideology data between elections is necessary. Reforms are often not implemented within a single year (Pierson 1996, 2003). This renders pooled time-series cross-sectional analyses with one-year lags problematic (see also Kittel and De Deken 2007). Extreme yet plausible examples set forth by Pierson include decade-long lags in the case of pension politics (think, for instance, of the pension reforms under Schröder in Germany). Albeit to a lesser

extent, time lags also apply to legislation regarding unemployment insurance generosity and conditionality. Related problems exist with regard to ideology. Changes in the ideological complexion of governments – no matter how we account for them – do not go hand in hand with calendar years. The treatment of annualized country cases as independent cases, despite a lack of variation on the independent variable of interest, thus inflates results in terms of statistical reliability. Our approach of using the cabinet balance as a dependent variable is consistent with recent calls for a "pragmatic intermediate solution" and intervals of four years (Kittel and De Deken 2007: 93).

2. With the exceptions discussed in the supplementary Excel file, the data are identical with Scruggs (2006) until 2001. When necessary for clarification, the comments in this file refer to *Social Security Programmes throughout the World*, the *Mutual Information System on Social Protection* and the *Benefits and Wages and Taxing Wages* series, as well as exchanges with national ministries and agencies. We would like to stress that our results hold if we use the Comparative Welfare Entitlement Dataset 2 (Online Appendix 6).
3. This gap is targeted by a data project by Moira Nelson and colleagues that builds on Venn (2012). Horn, Kevins, and van Kersbergen are also working on a new database on workfare reforms in the OECD.
4. We can explain the rationale behind this exclusion strategy based on examples from the five countries that do not show conditionalization according to the ratio of duration and qualification. As stated, we use the conditionalization ratio because a more case-sensitive workfare database compatible with time-series cross-sectional analysis does not currently exist. However, in the United States our data does not capture the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) that followed the 1988 Job Opportunities and Basic Skills act (JOBS) and is widely regarded as workfare. In Sweden, the duration (60 weeks) and qualification (52 weeks) were allegedly stable, although the first Reinfeldt cabinet from 2006 tightened the eligibility rules for benefits in 2007. In Austria, an activation plan (*Betreuungsplan*) was introduced in 2005. New Zealand and Australia have a history of workfare reforms, but the indicators in the databases (and accordingly in CWED) suggest that qualification remained 0 and duration unlimited (or missing/999 in CWED). This is not wrong, but also not instructive in systems with means-tested unemployment insurance. This is a well-known problem with social rights data in the Antipodes. Our exclusion strategy is the middle way between two more problematic options: mixing a clear-cut quantitative indicator with impressionistic codings of reforms or setting all changes to 0 although we know that this is misleading. The cases of workfare reforms that fly under this paper's operational radar would probably have strengthened the conditional solidarity argument. Economic growth was average to above average and the emphasis on equality, fairness and social justice above average in the US and Sweden (5.13 per cent for Democrats under Clinton, 4.62 per cent for the Moderates under Reinfeldt). In Austria (Schüssel II), the pattern was procyclical: A cabinet with a very low emphasis on equality, fairness and social justice (1.02 per cent) engaged in mild conditionalization.

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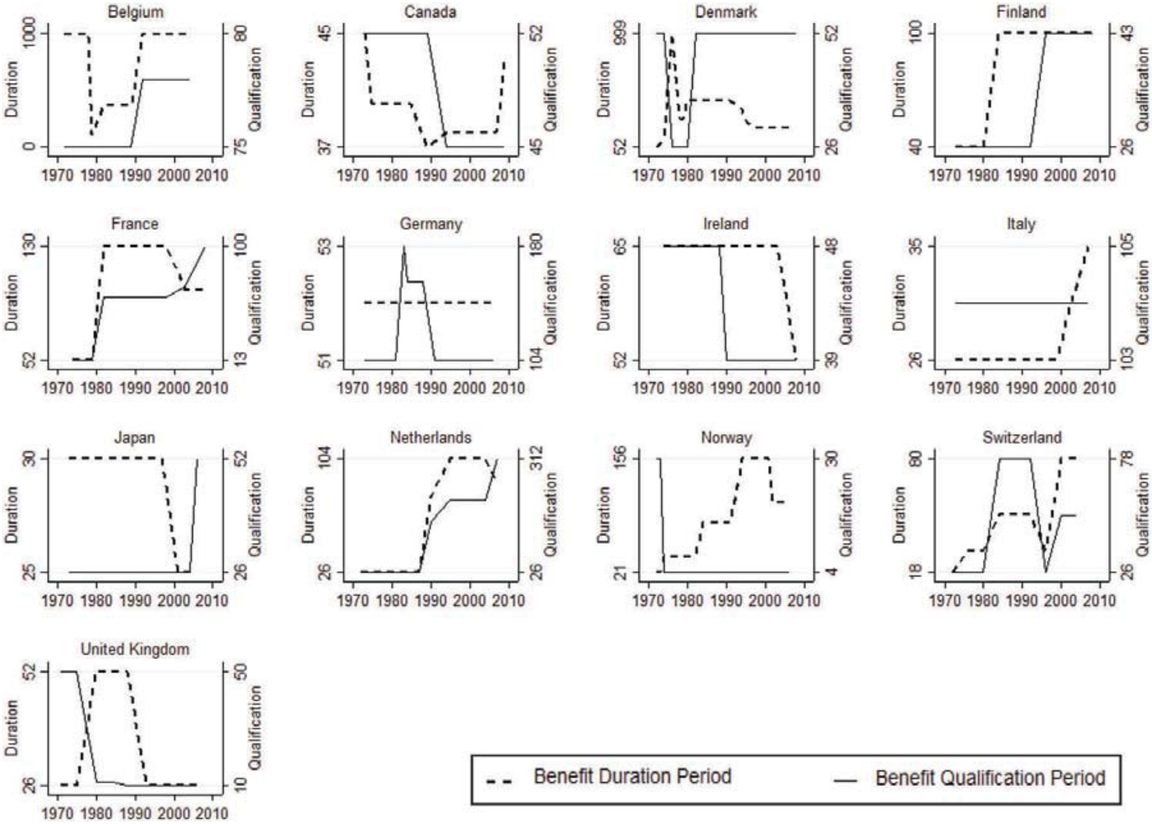
Figure A.1. Changes in benefit duration and qualification in weeks



Note: 13 of the 18 countries under investigation exhibit changes in the conditionality ratio (at the federal level). Australia, Austria, New Zealand, Sweden and the United States are thus not shown here.

Figure A.2. Egalitarianism and Keynesianism

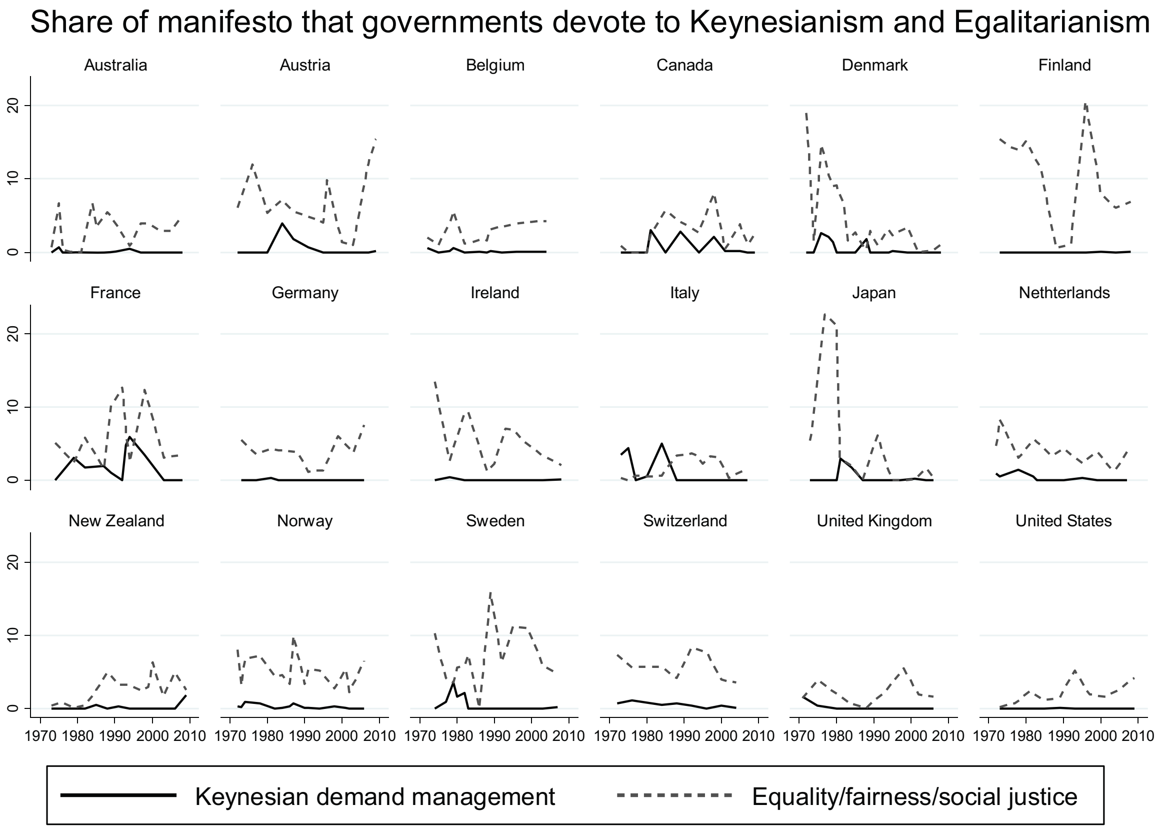


Figure A.3. The validity of the CMP egalitarianism item: emphasis as share of party program